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ZNR UUUUU ZZH
R 240830Z MAR 06
FM AMEMBASSY JAKARTA
TO RUEHC/SECSTATE WASHDC 1728
RUEATRS/DEPT OF TREASURY WASHINGTON DC
INFO RUCPDO/DEPT OF COMMERCE WASHDC
RUEHXS/ASSOCIATION OF SOUTHEAST ASIAN NATIONS
RUEHKO/AMEMBASSY TOKYO 9712
RUEHBJ/AMEMBASSY BEIJING 3345
RUEHBY/AMEMBASSY CANBERRA 9259
RUEHUL/AMEMBASSY SEOUL 3633
RUEAIIA/CIA WASHDC
ZEN/AMCONSUL SURABAYA

UNCLAS SECTION 01 OF 02 JAKARTA 003892

SIPDIS

FROM AMCONSUL SURABAYA 0735

DEPT FOR EAP/MTS AND EB/IFD/OMA
TREASURY FOR IA-JEWELL
COMMERCE FOR 4430-GOLIKE
DEPARTMENT PASS FEDERAL RESERVE SAN FRANCISCO
DEPT PASS USTR FOR WEISEL, KATZ, VESPINEL AND JGROVES
DEPT FOR MILLENNIUM CHALLENGE CORP
SENSITIVE
SIPDIS

E.O. 12958: N/A

TAGS: [KIPR](#) [EFIN](#) [EINV](#) [ECON](#) [PGOV](#) [ID](#)

SUBJECT: EAST JAVA POLICE CONFERENCE ON IPR LAWS

¶1. (SBU) Summary: Several branches of the GOI and East Java government cosponsored an IPR seminar on March 4 to educate East Java area police chiefs on the importance of IPR to Indonesia and its economy. Senior GOI and provincial officials used persuasive arguments and data to try and motivate 50 to 60 local police chiefs to more rigorously enforce existing Indonesian IPR laws. After the seminar, East Java Police Chief Herman Sumawiredja met privately with the local police heads and urged them to step up their IPR enforcement, noting that IPR actions and arrests were easy and would count towards promotions. He added that Indonesia National Police Chief Sutanto had personally called him to complain about the East Java police's poor performance on IPR enforcement. According to Sumarwiredja, Sutanto said that Vice President Kalla is adamant police enforce IPR laws more rigorously and the VP is embarrassed by Indonesia's continued status on the U.S. Special 301 Watch List. End Summary.

Surabaya IPR Seminar

¶2. (U) ConGen Surabaya attended a March 4 seminar on "Law Enforcement Socialization of Intellectual Property Rights". The Ministry of Law and Human Rights, the East Java Police, Vice Presidential Secretariat, Indonesia Music License Association (KCI), and the Indonesian Video Recording Association (ASIREVI) jointly sponsored the program. The main presenters were Prof. Abdul Bari Azed, Director General of Intellectual Property Rights for the Ministry of Law and Human Rights, Hersadwi, Head of Economic Crimes Unit of the East Java Police, Henry Sulistiyo Budi from the Vice Presidential Secretariat. A subsequent panel involved Ansori Sinungan, Wihadi Wiyanto, secretary general of ASIREVI and Munif Bahasuan, acting chairman of KCI. The event drew fifty to sixty East Java local police department heads, and a dozen officials from local government law and human rights' offices.

¶3. (U) The opening speakers focused on educating the audience on IPR by defining IPR, activities categorized as violating IPR, and other general information about IPR.

According to Hersadwi, East Java Police seized 600,000 pirated VCDs and arrested 361 suspects for IPR crimes during 2005. He admitted these were small numbers compared to the total number of illegal VCDs in East Java, estimated at over 20 million. However, police, with help, will continue their war on pirated products, he affirmed.

¶4. (U) Prof. Bari explained that the number of IPR crimes remain high in Indonesia, especially from corporate properties, such as brand name consumer products and optical media products (VCDs, DVDs, CDs, CDRoms). The number of pirated optical media products available in Indonesia has increased sharply since 2003, he noted. In 2005, there were an estimated 331 million pirated optical media products sold and only 39.7 million legal optical media products sold in Indonesia. Bari explained that as a member of the WTO/TRIPS Agreement, Indonesia has committed to fight against IPR piracy. Effectively enforced IPR laws will lead to economic development, will attract investment, and will encourage producers, music composers, and businesses to produce new ideas and jobs. Reducing IPR piracy will also keep Indonesia from suffering economic and trade penalties levied by other countries, he explained. However, Bari acknowledged that IPR enforcement in Indonesia represents an implicit economic dilemma: Indonesians have limited purchasing power to buy legal, more expensive products. Bari also detailed the lengthy, complex, and expensive process for companies to acquire IPR protection in Indonesia.

¶5. (U) Ansori Sinungan admitted to his audience that the fight against IPR piracy in Indonesia faces many obstacles, such as the East Java office of Law and Human Rights' small

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discretionary budget of USD 100 to combat IPR piracy. Budget constraints led his office to partner with police offices to provide support for IPR law enforcement. Other obstacles to effective IPR law enforcement, according to Sinungan, are limited understanding of IPR and relevant laws by police, lack of consumer awareness of IPR laws, and limited enthusiasm among police to enforce the laws. Like Bari, Sinungan underscored the high costs of poor IPR enforcement in Indonesia: his office has fielded many complaints from producers and investors about IPR, and some said they would not continue to invest in East Java. He encouraged attending police officers to lead the fight against IPR piracy to support economic development in Indonesia. He also detailed Indonesian IPR Law UU 29/2004, which complies with international standards.

The Meeting After the Meeting

¶6. (SBU) On March 8 EconOff Williams met with Ansori Sinungan to further discuss IPR issues. According to Sinungan, directly after the March 4 seminar, local police officials were called in to a private meeting with East Java Police Chief Sumawiredja. Sumawiredja reportedly gave them an "inspirational" speech regarding IPR enforcement expectations in East Java. Sumawiredja apparently noted that he had been contacted directly by the Indonesian Chief of Police Sutanto regarding the East Java police's poor IPR enforcement record. According to Sumawiredja, Sutanto said that Vice President Yusuf Kalla is adamant that IPR laws be enforced rigorously, and noted that Indonesia's placement on the IPR priority watch list is an embarrassment and hurts investment. Sumawiredja reportedly said that IPR arrests should be easy and officers conducting arrests would receive extra "points" towards promotion. He also threatened that a "lack of progress" on IPR enforcement would reflect negatively towards promotion.

Comment

17. (SBU) Sumawiredja prodding his subordinates to take action on IPR violators in East Java using promotions as the stick is a new management strategy. The effort by Sumawiredja illustrates the concern of senior GOI officials with IPR piracy and movement of their directives to local levels. There was a noticeable reduction in the availability pirated optical media products in three of the four primary retail markets for pirated optical media products recently surveyed by EconOff Williams. The most dramatic reduction was at Tunjungan Center. Previously, there were 80 to 100 small shops selling pirated optical materials. Now many of those shops are closed with only a handful still openly selling pirated products. According to shop owners, the police came through one to two months ago and confiscated their pirated inventory and warned not to continue or face arrest. However, there have been no recent media reports of large seizures of pirated optical media or consumer products or IPR related arrests by East Java police and ConGen Surabaya business contacts still complain bitterly about the availability of cheap Chinese knockoff products available locally. It is still too early to tell if the relatively new police chief is committed enough to IPR enforcement to maintain the positive momentum in Surabaya and to motivate East Java local police officials to take positive action on IPR piracy in their districts.

PASCOE